

**QUESTIONS AND ANSWERS NO. 1  
REQUEST FOR PROPOSALS (RFP)  
SOLICITATION NO. S00R7400010**

**STATE FUNDED LOAN PROGRAM (SFLP) AND MARYLAND AFFORDABLE HOUSING TRUST (MAHT) AUDIT SERVICES**

The following questions regarding the subject RFP have been submitted. The answers provided by DHCD are intended to clarify the RFP's requirements and do not constitute an amendment.

	<b>Question</b>	<b>SFLP Answer</b>	<b>MAHT Answer</b>
1	What audit efficiencies can we expect related to auditing both entities, rather than auditing the entities individually?	Size of auditing staff can be minimal relative to experience and to the nature of the audit work needed for MAHT & SFLP. No limitations to a distinct segregation of the audit teams between MAHT & SFLP	Combing the two audits under one firm will create cost savings in personnel for the firm as well as time savings. The fieldwork will be at the same location and the audits can be worked on simultaneously. MAHT achieves an increased contract term to 5 years, to match the SFLP.
2	Were any management letters issued for either entity in the previous year?	No Management letters for SFLP.	Yes, in FY16 for Internal Control.
3	Will you make available the fees for both audits in the previous year?	\$23,808 FY16	\$15,390 FY16
4	Have there been any significant changes in SFLP's or MAHT's operations in the current year vs. the prior year (examples include: changes in audit policies, procedures or personnel, etc.)?	We added a new loan subservicer. The loan transfer between subservicers was successful.	Procedural changes in the Program due to prior year audit finding. Decrease in Program Personnel by 1 of the 2 staff assigned to the Program.
5	Have there been any were any changes/additions in programs in the current year vs. the prior year?	No changes or additions in programs for SFLP.	No changes or additions in programs for MAHT.
6	Were there any audit adjustments in the past two years? If so, how significant were the adjustments and what accounts did the adjustments relate to?	There were no adjustments for SFLP.	There were agreed upon adjustments made related to receipts and liabilities.
7	Does management prepare the financial statements and notes or do the auditors assist with the preparation?	Management prepares the financial statements and notes. The auditor's review and advice on changes for SFLP.	Management prepares the financial statements and notes. The auditor's review and advice on changes for MAHT is integral.
8	Describe any relationships with third party service providers used by SFLP or MAHT that may have an impact on the accounting or financial reporting of the entity (i.e. ADP, Paychex, etc).	SFLP contracts out to loan subservicers.	No third party involved in MAHT
9	Is there any specific expertise and advice SFLP or MAHT is looking for that it may not be receiving from its current provider? For example, is the SBA satisfied with the incumbent auditors: timeliness, pro-activeness on communications, involvement outside of the audit process, value they provide to SFLP or MAHT.	Expertise is delineated in the Request for Proposal document.	Expertise is delineated in the Request for Proposal document.
10	Are there any improvements you would like to see in the audit process?	None at this time. But we are open to suggestions.	None at this time. But we are open to suggestions.

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11	Was there any turnover with the incumbent auditor's staff?	No turnover for SFLP.	For MAHT, there was no turnover with the incumbent auditor staff. Such occurrence took place with the prior auditors.
12	Has there been any disagreement with the incumbent? If yes, please provide some background on the issue.	No disagreements for SFLP	For MAHT, no disagreements, although GAAP and GASB interpretations were discussed.
13	In an effort to understand the level of effort currently exerted by the incumbent auditing firm, please provide: hours billed, schedule of auditors in the field (For example, 2 people for 2 weeks in November)	For SFLP a total of 208 hours were billed and 2 people were here for a couple of days of fieldwork.	The fieldwork was for two and a half days with 2 people. For FY16 MAHT, the incumbent firm budgeted 83 hours for a total cost of \$15,390.
14	We have staff that are licensed out of Maryland like DC and Virginia. Will you accepted our CPA Staff who are licensed with the CPA licensing board outside of Maryland.	Reference Section 1 - Minimum Qualifications which states "shall be licensed CPAs in the State of Maryland." Section 1 - Minimum Qualifications 1.1. The Offeror and all assigned key personnel, including engagement partners, principal supervisory staff, and management staff <b>shall be licensed Certified Public Accountants (CPAs) in the State of Maryland</b> and meet the continuing professional education requirements of CPAs engaged in the practice of governmental auditing. As proof of meeting this requirement, the Offeror shall provide with its Proposal a copy of current CPA license for all key personnel.	Reference Section 1 - Minimum Qualifications which states "shall be licensed CPAs in the State of Maryland." Section 1 - Minimum Qualifications 1.1. The Offeror and all assigned key personnel, including engagement partners, principal supervisory staff, and management staff <b>shall be licensed Certified Public Accountants (CPAs) in the State of Maryland</b> and meet the continuing professional education requirements of CPAs engaged in the practice of governmental auditing. As proof of meeting this requirement, the Offeror shall provide with its Proposal a copy of current CPA license for all key personnel.
15	What was the audit fees for both audits last year for the SELP program and the MAHT program.	\$23,808 FY16	\$15,390 FY16